FOREIGN AGRICULTURE

November 24, 1969

U.S. Wheat in World Trade

Competition For Wheat Markets

Iran's Agricultural Trade

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VII • No. 47 • November 24, 1969

In this issue:

2 The Story of the 1960's: U.S. Wheat in World Trade By Clancy V. Jean

6 Competition Keen in Overseas Wheat Marts By James P. Rudbeck

8 New Zealand Plans Shift From Dairy to Beef Cattle

Indian Annual Plan Stresses Agricultural Improvements

9 India's Spice Trade Still Going Strong By Jawhar A. Thadani

10 Canadian Parliament To Discuss Grain, Marketing Plans

11 Evaluation of USSR Current Vegetable Oil Situation By Harry E. Walters

12 Current Citrus Reports for Israel and Morocco

13 Highlights of the Agricultural Trade of Iran By H. Charles Treakle

14 A Look at the Livestock and Milk Situation in Denmark

15 Crops and Markets Shorts

16 Post-Revaluation Measures and German Farmers By Grace W. Finne

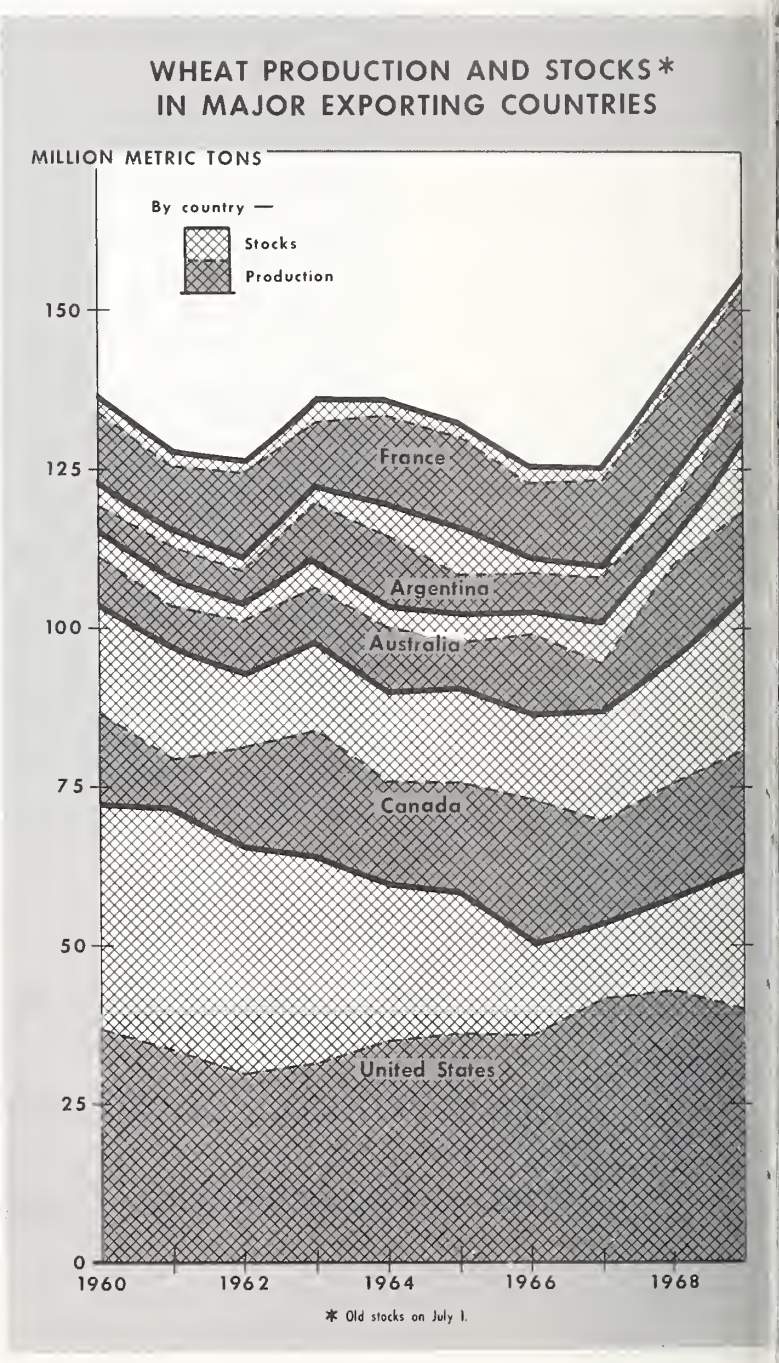
This week's cover:

Australian farmer loads wheat onto a truck—Australia is one of the "Big Five" wheat exporters. For a survey of the world wheat situation in the 1960's see article beginning this page.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

The Story of the 1960's: U.S. Wheat in World Trad

By CLANCY V. JEAN
Grain and Feed Division, Foreign Agricultural Service



As the sun sets on the 1960's, U.S. wheat trade—from several points of view—seems to present a far from glorious picture. Yet a look back over the decade reveals that U.S. commercial wheat exports have actually done rather well, in the face of a number of dramatic world developments. Important among these have been significant shifts in the distribution of world wheat production, stocks, and trade, and reactions throughout the world to these shifts.

The changes of the decade

In 1960, world wheat production was 8.2 billion bushels and world trade, 1.6 billion. By 1968-69, production had reached 10.3 billion—up 25 percent in the decade; and trade (including flour), while below the peak of 2.3 billion bushels that it had hit midway in the period, stood at 1.7 billion —6 percent over the 1960 level.

Overshadowing all other exporters in 1960 were the Big Four—the United States, Canada, Australia, Argentina. Together, they possessed a large part of the world's exportable stocks, the United States alone accounting for nearly 70 percent of their holdings. But by 1968-69, rising production in the European Community, accompanied by an export push, had made the Big Four a Big Five, and the U.S. share of the larger stocks had dropped to 40 percent.

During the decade, some dramatic switches have taken place in the direction of the world's wheat trade, reflecting temporary or permanent changes in production. The USSR and Mainland China joined the ranks of importing countries—the USSR flashing in and out, largely in a 2-year period, and Mainland China's appearance more permanent. India and Pakistan, surviving a period of grave wheat shortage, greatly increased their production and decreased their needs for noncommercial imports. Production in other developing countries also rose, and some of these became wheat exporters.

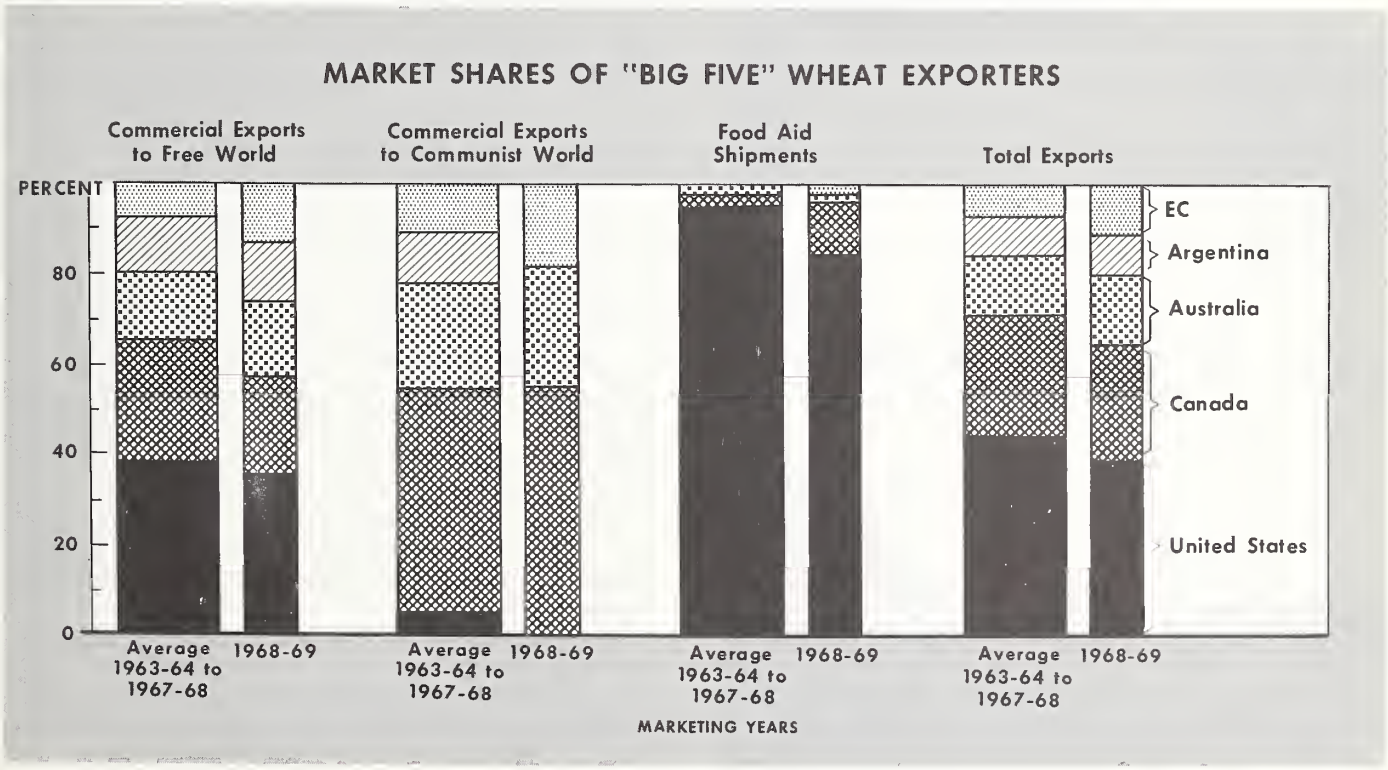
Perhaps most dramatic of the changes has been in attitudes toward the world wheat situation. As the decade opened, world attitudes were mixed: some countries were struggling with price-depressing wheat surpluses that threatened their farmers' security; others, with food scarcity and the specter of hunger. Toward the midpoint, intensive U.S. efforts to control wheat production and distribute surpluses (with the aid of noncommercial exports) had so far succeeded that a sudden access of bad crops in a number of countries brought real fears of a world insufficiency of wheat. These helped to spur international research that has led to precedent-breaking advances in technology, boosting wheat yields all around the world; and the decade ends with surpluses again, some in areas that have never had them before. The shadow of world hunger, however, has lifted; the shape of the world wheat problem has changed.

The early sixties

On July 1, 1960, the U.S. carryover was 1.3 billion bushels —about equal to that year's crop. Exports in 1960-61 hit a record 661 million bushels, but the carryover on June 30 stretched to 1.4 billion bushels, including a billion bushels of Hard Red Winter—an alltime high. In 1962, U.S. production was cut back to 1.1 billion bushels through acreage reductions.

The total carryover stocks in the four major exporting countries were 2.1 billion bushels (58 mil. tons) on July 1, 1960. This alltime record was eclipsed a year later with a carryover of 2.2 billion bushels (60.5 mil. tons).

The European market was importing around 450 million bushels and represented well over half of the total Free World commercial wheat trade. Imports by Japan, however, were down from those of the previous decade; in 1960-61, U.S. exports to Japan were 32.4 million bushels (883,000



tons), compared with an average of 40 million bushels in the 1950's and a peak of 51.4 million in 1957-58.

In Western Europe the EC began to move toward its Common Agricultural Policy. But at this time there was little noticeable effect on grains.

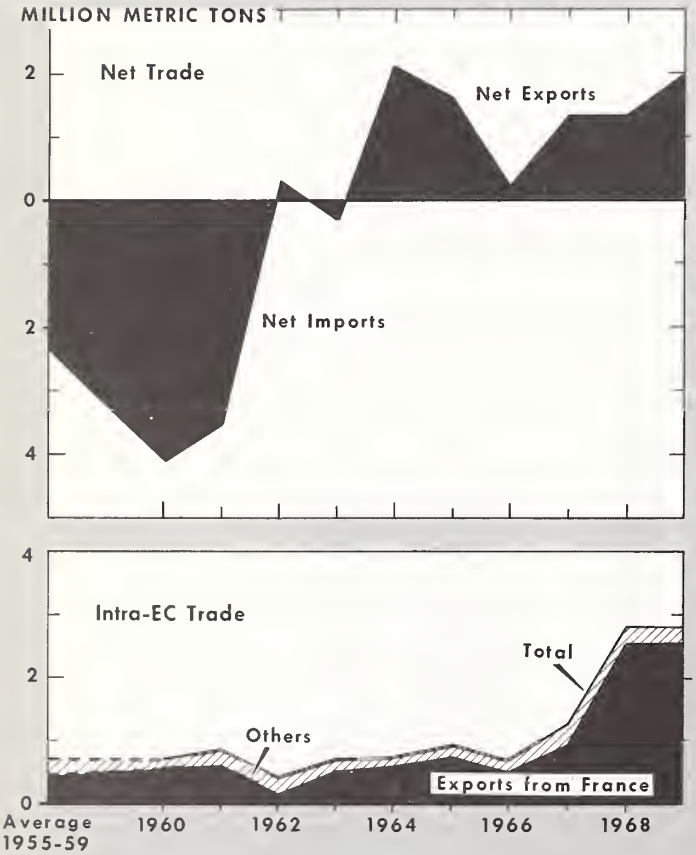
The midsixties

A series of coincidences in the midsixties brought bright rays of hope for wheat exporters.

In 1963, the wheat crops in Eastern Europe and the USSR slumped by 20 percent, and a new market of considerable magnitude suddenly appeared. The United States sold 65 million bushels of wheat (1.7 mil. tons) to the USSR for cash in 1964. This market blossomed for a little over 2 years, with most business occurring in the 1964-66 period. In all, the USSR purchased about 1.1 billion bushels (30 mil. tons) from foreign sources in the sixties. Canada's sales totaled 571 million bushels (15.5 mil. tons) and Australia's, 103 million bushels (2.8 mil. tons).

Partly coincidental with the USSR purchases, India suffered a severe drought. In 1965-66, it imported 262.7 million bushels (7.2 mil. tons) of wheat, 93 percent of which came from the United States on concessional terms. The following year, India's wheat imports totaled 238 million bushels (6.5 mil. tons). The United States supplied 72 percent.

THE WHEAT TRADE OF THE EC



Includes flour. 1967 & 1968, preliminary; 1969, forecast.
Years beginning July 1.

By now, U.S. wheat was beginning to move to Japan in increasing volume. By 1963-64, U.S. sales to Japan had reached 73.4 million bushels (2 mil. tons), 2¼ times their level at the beginning of the decade.

Meanwhile, the EC's grain policies continued to be implemented. These were taking the form of stimulating production and of furnishing protection from lower priced imports. The changes were gradual, however, and tended to be overshadowed by other and more dramatic developments that occurred elsewhere during the midsixties.

One of these was Mainland China's entry into the world wheat market in 1960 as an importer. This event was accompanied with speculation as to its permanency. In 1960-61, Australia exported nearly 42.6 million bushels (1.2 mil. tons) to Mainland China, and Canada, 28.7 million bushels (781,000 tons). Exports to China from all sources more than doubled in 1961-62 with a total of 173.7 million bushels (4.7 mil. tons). In 1965-66 they peaked at 231.9 million bushels (6.3 mil. tons).

The reaction to low stocks

The midsixties are to be remembered as a time when world grain stocks were regarded as dangerously low and the theme, thesis, and threat of world starvation seemed altogether real. This situation had a world impact which was to be felt later on. In Mexico, the Philippines, and other countries, new high-yielding varieties of wheat and rice were being tested, and these were released in this anxious atmosphere. Developing countries reexamined their goals for self-sufficiency and stepped up the implementation of these goals. And, responding to the threat of world shortage, the big traditional producers all pushed wheat production in varying degrees during the midsixties.

In Australia, wheat production, which had been on an increasing trend, was set back by drought in 1965-66, and the crop was only 258 million bushels—down 110 million from the previous year. The next year, however, Australian wheat acreage exceeded 20 million acres for the first time, and the crop jumped to 467 million bushels. Acreage continued to increase; the crop in 1967-68 involved a record 20 million acres, but another drought hit and the crop dropped to 277 million bushels.

In the United States, production ranged from 1.1 billion bushels to 1.3 billion during the midsixties, and exports in the 1964-66 period averaged 685 million bushels, reaching an alltime high of 867 million in 1965-66. On July 1, 1966, the U.S. carryover dropped to 425 million bushels, the lowest level since that of 1952, which was only 256 million. Average cash prices for U.S. wheats in 1966-67 were 12 to 23 cents per bushel above the previous year's. In the summer of 1966, the United States increased acreage allotments 32 percent, bringing the total allotment to 68.2 million acres; the 1967 crop reached 1.5 billion bushels.

In Canada, wheat acreage reached 29.7 million acres in the midsixties—up 20 percent from the start of the decade. Production jumped from 649 million bushels in 1965 to 827 million in 1966.

In Argentina, wheat acreage had also been increasing from its low of 10.5 million acres in 1960-61. In 1964-65 Argentina produced an alltime record crop of 414 million bushels (11.3 mil. tons). A record export year was experienced in 1965-66 with a volume of 287 million bushels (7.8 mil. tons),

28 percent of which went to Mainland China. Meanwhile, however, corn began to become more attractive to producers and some wheat acreage began to shift to corn.

The late sixties

As we approach the end of the decade, a new term has joined the world's agricultural vocabulary: the Green Revolution. As a result of new technology and favorable weather, foodgrain production in the developing countries has increased substantially. This has been particularly true on the Indian subcontinent.

The USSR has returned as a net exporter. Also, a number of other countries have joined the ranks of exporters. Individually, the quantities available for export were not huge, but the totality of these additional availabilities has been significant.

The traditional Big Four wheat exporters provided 80 percent of total world wheat trade in the early and midsixties; but by 1968-69 their share had dropped to about 66 percent. In the midsixties, only 8 countries had exported 100,000 tons or more; but by the end of the decade this number had more than doubled. In part, this change is the result of reactions to the crisis years of the midsixties.

At the beginning of the decade, noncommercial world wheat trade totaled 340 million bushels, of which the United States supplied 97.6 percent. In the midsixties, this trade averaged 426 million bushels and the United States supplied 94.4 percent. But in 1968-69, world noncommercial trade had dropped to around 250 million bushels, with the U.S. share down to nearly 75 percent.

India and Pakistan represented slightly less than half of this trade at the beginning of the decade as well as at its closing. In the midsixties, however, these countries accounted for nearly two-thirds (62.4 percent) of the world's concessional wheat sales, with combined imports averaging 276 million bushels (7.5 mil. tons). In 1968-69, these imports were down to 165 million bushels (4.5 mil. tons).

In Japan, U.S. sales have continued since 1963-64 at the 2-million-ton mark and now account for 50 percent of this market. During the decade, the Japanese market increased 80 percent, while U.S. sales increased 127 percent.

Despite early skepticism by some, Mainland China remains a substantial wheat importer. In the decade, wheat exports to China from all sources will total one and two-thirds billion bushels (45.4 mil. tons). Annually, these exports have ranged from a high of 231.9 million bushels (6.3 mil. tons) in 1965-66 to a low of 132 million bushels (3.6 mil. tons) in 1968-69. Principal suppliers have been Australia, Canada, and Argentina, with lesser amounts from France, Italy, Mexico, West Germany, and the USSR. Australia's annual exports to China for the decade will average 71 million bushels per year (1.9 mil. tons), and Canada's, 65.5 million bushels (1.8 mil. tons).

Impact of Europe's grain policy

During the decade, the effects of the EC grain policy developments became substantial. One major effect was a shrinkage of Western Europe's dependence upon overseas wheat for milling purposes. From an average volume of about 450 million bushels at the beginning of the decade—then representing about 55 percent of Free World commercial trade—West European imports have dwindled to a current level of less than 300 million bushels, which now makes up only about one-third of Free World commercial trade.

The EC is supplying more of its own wheat needs; intra-EC trade in wheat is four times greater now than it was in 1960-61, and 90 percent of it originates in France. Western Europe's remaining wheat imports consist almost entirely of durum and high-protein hard bread types. Its production of durum wheat, while increasing, still falls short of its requirements, and its production of high-protein bread wheats is limited. Most striking consequence of the EC's grain CAP, however, is that the Community has emerged as an aggressive wheat exporter, aided by export subsidies that range around $45.00 per ton.

Not only have these EC developments had an effect on the size and nature of the wheat market, but they have also altered the feedgrain market. Almost 200 million bushels (5 mil. tons) more wheat per year are currently being used for feed in Western Europe than a decade ago. Thus, while Europe's feedgrain imports were following a sharp uptrend in the early sixties, the last portion of the decade has seen a series of sharp declines in these imports to make room for the sudden rush toward feed use of wheat.

Where we stand now

In the United States we close the decade with the lowest wheat acreage allotment since this program began in 1938—45.5 million acres. This is 17 percent below the 1960 level and 50 percent below the peak of 1966-67 when the allotment reached 68.2 million acres.

As the decade began, the four major exporters had a total July 1, 1960, carryover of 2.1 billion bushels (58 mil. tons). In addition, the EC had a carryover of 202 million bushels (5.5 mil. tons). On July 1, 1969, the Big Four's carryover was about the same (2,099 mil. bu., or 57.2 mil. tons), but the EC carryover added 330 million bushels to bring total stocks in the "Big Five" to 2.4 billion bushels (66.2 mil. tons). One difference, however, is in the distribution of these carryover stocks. In 1960, the United States held 62 percent of the Big Five stocks; but in 1969, U.S. stocks represented only 39 percent.

Looking at the world wheat situation in 1960 and at present, one can conclude that in reacting to the forces of the sixties U.S. commercial wheat exports have done reasonably well. Even though some of the components that made up the big demand bulge of the midsixties have lessened or disappeared, total Free World commercial wheat trade in 1968-69 (excluding intra-EC trade) was 865 million bushels—or 6 percent above the level of the midsixties. The U.S. share of these sales, which had averaged 27 percent in the midsixties, rose to 32 percent in 1968-69. And, while the volume of U.S. commercial wheat exports last year—276 million bushels—was eclipsed by the 3 previous years, it exceeded the sales levels of the first half of the decade.

It is convenient to analyze and project on the basis of decades of time; but the forces that affect world wheat production and trade operate irrespective of such arbitrary time periods. Droughts and other forces over which man has little, if any, control—and which he is unable to predict with great accuracy—have occurred before the sixties and will occur again; so, therefore, will shifts in production and trade. Thus, the outlook for U.S. wheat traders may be brighter than would be indicated by the present situation.

Competition Keen in Overseas Wheat Marts

By JAMES P. RUDBECK
Grain and Feed Division, FAS

U.S. exports of wheat and flour will meet continued strong competition in the months ahead. Exportable supplies for the 1969-70 season are at record levels in nearly all of the major competing countries. Total world import requirements appear to be up from last season's 6-year low, but much of the gain is occurring in Mainland China and East European markets not normally supplied by the United States.

A review of recent developments and current prospects in each of the major market segments of the Free World reveals only a few areas where some expansion of U.S. wheat exports might be achieved this season.

Supplies of major exporters

Total supplies of wheat in the United States, Canada, Australia, Argentina, and the European Community—the five major exporters—this year exceed home requirements by approximately 4.2 billion bushels. This largest exportable surplus ever is sufficient to fulfill total world import requirements for 2 years.

During the 1968-69 season the exportable supply of these five countries totaled 3.8 billion bushels. Exports totaled only 1.4 billion bushels, leaving a 2.4-billion-bushel surplus. This is the second highest surplus on record (July 1 basis for all countries) and less than the 1961 surplus by only 30 million bushels.

Markedly different from 1961, however, is the way today's wheat surplus is distributed. Currently, the pressures to reduce stock through larger exports and other measures are greater in Canada, Australia, and the European Community than they were in 1961.

WHEAT AND WHEAT FLOUR: SUPPLIES AVAILABLE FOR EXPORT, WORLD TRADE

Trade year (July-June)	Supplies available for export [1]	World trade [2]
	Million bushels	*Million bushels*
1965-66	3,525	2,258
1966-67	3,280	2,036
1967-68	3,319	1,876
1968-69	3,791	1,639
1969-70 [3]	4,226	—

[1] Total supplies available for export, carryover, or both in the United States, Canada, Australia, Argentina, and the European Community. Includes carry-in adjusted to July 1 in all countries plus production and imports, if any, less domestic requirements. [2] Excludes intra-EC trade. [3] Partially estimated.

U.S. EXPORTS OF WHEAT AND FLOUR TO MAJOR MARKET AREAS

Destination	1966-67	1967-68	1968-69
	Million bushels	*Million bushels*	*Million bushels*
West Europe	102	74	83
Latin America	115	123	101
Japan	78	82	68
Pacific Asia: Philippines, Taiwan, and South Korea	60	77	88
All others	379	386	200
Total	734	742	540

Canadian production at 685 million bushels this year is 35 million bushels higher than in 1968 despite a 15-percent reduction in acreage. Combining a record carry-in (on August 1) of 848 million bushels and allowing for normal domestic requirements, the Canadian export availability is an alltime high—approximately 1,370 million bushels. Exports have been declining—from 585 million bushels in 1965-66 (August-July) to an 8-year low of 305 million bushels last year. Reduced sales to the USSR and to the countries of East Europe have been the largest reason for this sharp drop, but sales have also been off to West Europe, to Japan, and to South American countries. Recently, the USSR assured Canada that it will take the 135 million bushels remaining under a 3-year bilateral agreement which expired this past July; however, the exact amount to be moved this year appears to be open to negotiations.

Australia will carry a record amount of wheat into its next season (December 1969-November 1970), and the forthcoming harvest is expected to be third largest on record. Sales to Mainland China have been the major variable in the Australian export picture, but in recent years exports have been increasing to West Europe, to Japan, and to a number of South American countries. The current contract with Mainland China, which expires in early 1970, calls for 82 million bushels to be delivered before March 1970.

The Argentine harvest which will be gathered in December and January is not expected to be much over the last year's relatively low crop of 217 million bushels. Currently there is an embargo against sales of new-crop Argentine wheat (except durum) to destinations other than the traditional buyers in Latin America.

The European Community emerged as a net exporter of wheat 5 years ago and since then has maintained a level of at least 150 million bushels to third countries (non-EC countries). Including a record carry-in but slightly reduced production, the exportable surplus in the European Community has been estimated at 495 million bushels this year, only 40 million bushels less than last year when exports to third countries climbed to over 180 million bushels.

Competition from other suppliers

Exports by countries other than the United States, Canada, Australia, Argentina, and the European Community have accounted for around 30 percent of world trade[1] in recent years. The USSR, Romania, Bulgaria, Spain, Sweden, Greece, and Mexico have accounted for most of this. Approximately 80 percent of USSR exports have been directed to other Communist countries. The amount entering Free World trade reached almost 50 million bushels 2 years ago but dropped off last year, largely because of smaller exports to the UAR. A further decline is expected in the current year, especially in shipments of winter wheat.

Romanian and Bulgarian export availabilities are less this year than last. Hungary became self-sufficient in wheat last year; with a further gain in production this year, exports

[1] EC exports and world trade exclude intra-EC trade.

are expected to reach 20 million bushels. However, there are indications that Hungarian and possibly Romanian and Bulgarian wheat will be going to the grain-deficit northern countries of East Europe in order to supplement reduced exports by the USSR and increased import needs. It would appear then that the total volume of USSR and Eastern European wheat entering the Free World market will be reduced from the levels of the past several years.

Spanish exports reached a high of 38 million bushels 2 years ago but are expected to be only around 18 million bushels this year. Sweden should be exporting less, but Greece will hold exports at last year's level. Mexico is back in the export market after a year's lull and has recently made sales to Brazil, Argentina, and Taiwan.

West European market

West Europe has been taking a gradually declining volume of wheat from outside sources, although there is some sign that the trend may be leveling off. The current volume, which is expected to hold or increase slightly in 1969-70, is about 280-290 million bushels.

There has been an increase in the number of sellers contending for the West European market in recent years. Australia and USSR shipments have shown very sharp increases, while shipments of U.S. Hard Winter and Canadian Manitoba wheats suffered an approximately offsetting decline. Last year despite a 3-month dock strike, total U.S. exports to West Europe increased, mainly because of larger durum sales made possible by an increased import requirement and reduced competition in this particular class.

In the current year, USSR shipments to Europe, especially of winter wheat, are expected to be reduced. Romania and Bulgaria also appear to have reduced supplies available for the European market, although this could be partly offset by increased amounts from Hungary. Argentina's durum sales may increase from the level of a year ago, but its sales of bread wheat to Europe, currently embargoed, are likely to be smaller due to the limited supply. Based on early-season shipments and market reports, combined Canadian and Australian sales have been proceeding at approximately last year's pace, but U.S. prices have been adjusted downward several times since mid-July and will probably continue to be more competitive than last season and earlier this year. In summary, there appears to be an opportunity for a moderate increase in U.S. shipments to West Europe this year.

Japanese wheat market

Generally, Canada, Australia, and the United States have supplied virtually all of Japan's wheat imports. Last year, with the entry of a small quantity of EC wheat and with increased competition from other usual suppliers—especially Australia—the U.S. share of Japan's imports fell to 43 percent, the lowest since 1962-63. A further important factor in last year's situation was a 2-month suspension of purchasing of U.S. wheat by Japan's Food Agency because of a sprout damage problem. This year Japan's purchases are proceeding slightly ahead of last year's, and the total for the year is expected to increase by nearly 10 percent. Purchases from the United States have returned to a more normal level thus far and have accounted for just over 50 percent of the total. Assuming continuation of this encouraging situation, a gain of 10 million to 15 million bushels in U.S. volume to this market could occur this year.

Other markets of Pacific Asia

The combined markets of South Korea, Taiwan, and the Philippines imported a total of 100 million bushels of wheat last year, thus representing an outlet two-thirds as large as Japan. Largely because of a history of food aid shipments under concessional programs to South Korea and Taiwan, the United States has long been the dominant supplier in this area. Last year, with increased sales to Taiwan and the Philippines by the EC and the entry of some new suppliers, such as New Zealand, the U.S. share dropped to the lowest since 1965-66, even though the volume of shipments was at a record level because of a gain in import requirements.

In 1969-70, competition has increased substantially in this group of markets. Canada has completed a contract with the Philippines providing for shipment of 5.6 million bushels. The quantity of EC and New Zealand wheat, as judged by sales already concluded to the Philippines and Taiwan, will probably be close to that of last year. U.S. volume could show moderate growth again this season, unless further significant sales are concluded by other suppliers, such as Canada and Australia. Much will depend on the extent of growth in the overall volume of imports.

Latin American market area

This area imports two-thirds as much wheat as West Europe. Brazil accounts for almost one-half of the total. Along with the Far East, the Latin market is showing moderate long-term growth. This growth has been particularly apparent in Brazil, Venezuela, and several Central American republics.

Export competition has been particularly keen in Latin America during the past several years. The USSR, Romania, and Bulgaria have been selling large quantities to Brazil. Australia entered this market 3 years ago and has been selling to Chile, Peru, Colombia, Brazil, and Argentina. Mexico was active in the Chilean and Brazilian markets 2 years ago and recently sold to Argentina. France sold a large amount to Brazil 2 years ago and continues to make attractive offers throughout South America.

In the current year, Canada has already sold Peru 7.3 million bushels under a new concessional-type credit program, and this sale will meet approximately one-third of Peru's import needs in the current year. On the other hand, because of somewhat reduced export supplies, Latin America's purchases from the USSR, Romania, and Bulgaria will probably be somewhat reduced. Thus, considering also the improved competitive position of its prices, the United States has a good opportunity to maintain last year's volume or even show some recovery.

Other markets

Apart from the markets reviewed above, other areas of the world last year took 195 million bushels of wheat and flour from the United States. This year, the North African crops are down somewhat, and early-season U.S. sales are ahead of a year ago. India and Pakistan, which last year accounted for 104 million bushels, mostly financed under food aid programs, will probably need at least that volume again this year.

New Zealand Plans Shift From Dairy to Beef Cattle

According to current estimates New Zealand's total production of meat during 1969 will probably exceed the million-long-ton mark, an increase of only about 2.5 percent compared with a rise of over 10 percent during 1968. Lower marketing of mutton and pork is expected to be balanced against a modest rise in lamb production and a probable 8-percent end-of-season rise in beef and veal production.

Sheep numbers drop

Sheep numbers during 1969 dropped from 60.5 million to 60.3 million, ending the steady upward climb of production for the first time since the establishment of target goals under the Agricultural Development Program which called for an increase in the sheep flock to 63.6 million by 1972. The decline in 1969 is attributed to falling wool prices and higher costs, along with two successive seasons of short feed supplies.

Unfavorable weather as well as reduced inputs of fertilizer in the past 2 years are responsible for the reduced feed situation. However, because the price for wool is somewhat higher in the current season and the demand for lamb and mutton is strong, farmers are increasing their fertilizer programs. This use of more fertilizer plus better weather should lead to an increase in sheep numbers during 1969-70.

Cattle numbers have increased at a lower rate than in the previous year because of a combination of the reduced feed situation, which resulted in lowered calving in breeding herds, and a heavy slaughter which began in 1967-68 and is still continuing. Beef production for export from October 1, 1968, through July 1969 showed a 19-percent increase and exports of beef during the same period rose 24 percent.

Pig numbers are estimated to have dropped by more than 8 percent during 1969 even though prices have continued at a high level.

Beef expansion plan

A new government incentive plan designed to shift large numbers of dairy animals into meat production in order to meet the problem of surplus production of dairy products was introduced in the New Zealand National Budget for 1969-70. Under the plan dairy farmers will be eligible for low cost credit to assist in shifting a part of their production to meat and will receive a payment of $10.00 for each calf raised for meat on farms producing over 6,000 pounds of butterfat. Calves born or brought in on farms before December 31, 1969, will be eligible for two assists from the government:

- A diversification incentive payment of $10.00 paid through dairy companies to the farmer on and after October 1, 1970, with the condition that male stock have been retained continuously on the farm to at least September 30, 1970, or that female stock have been retained and slaughtered at any time between September 30, 1970, and June 30, 1971.
- Loan advances, designed to bridge loss of milk sales, will be available at a rate of 3 percent interest, and up to $30.00 per calf, repayable through dairy companies within 30 days of disposal of cattle concerned, but in no case later than July 7, 1971. These loans will be available in two $15.00 installments, the first at any time after November 20, 1969, and a further installment of $15.00 after March 20, 1970.

—Based on dispatch from W. Gordon Loveless
U.S. Agricultural Attaché, Wellington

Indian Annual Plan Stresses Agricultural Improvements

The Indian Annual Plan for 1969-70 includes among its main objectives for the agricultural sector an increase of 5 percent in net output and stabilization of prices around the 1968-69 level through "efficient management" of supplies of foodgrains and important agricultural raw materials. The plan is mainly an announcement of actions already implemented or in well-advanced stages.

This year's budget for agriculture and allied programs is only 21.5 percent of the total Plan outlays as compared with 26.2 percent in 1968-69. Funds were reduced for all programs except fisheries and warehouses. However, the reduction will be nearly offset by the increased availability of institutional financing for agricultural programs in 1969-70.

Topping the priority list in the agricultural sector is the high-yielding varieties program. In order to increase acreage under high-yielding crops the National Seed Corporation will intensify its efforts for large-scale multiplication and distribution of improved seeds in cooperation with agricultural universities and State governments. Two more central State farms are proposed in addition to the existing five which produce foundation seed.

For 1969-70 the area under high-yielding rice is projected at 8.01 million acres, compared with an estimated 6.5 million in 1968-69; wheat is expected to remain steady at 10 million acres and corn is forecast to increase from 0.99 million acres to 2 million.

INDIA: FOODGRAIN AND COMMERCIAL CROP TARGETS

Item	Estimated production 1968-69	Target 1969-70
	Million metric tons	*Million metric tons*
Foodgrains	94.0	101.0
Major oilseeds	6.9	8.5
Sugarcane	12.0	12.5
	Million bales [1]	*Million bales* [1]
Cotton	5.3	6.0
Jute (excluding mesta)	3.05	6.4

[1] One bale equals 180 kilograms.

With the extension of area under high-yielding varieties, an increase in demand for chemical fertilizers is expected during 1969-70. However, since marketing difficulties resulted in the accumulation of unsold fertilizers, a Fertilizer Credit Guarantee Corporation is proposed to facilitate stocking and distribution of fertilizers and other inputs. Plant protection operations, rodent control, and domestic manufacture of insecticides are to be emphasized.

Other programs outlined in the plan are a Small Farmers Development Agency to facilitate credit and supplies through cooperatives and agricultural credit corporations and land reform. —Based on dispatch from James H. Boulware
U.S. Agricultural Attaché, New Delhi

India's Spice Trade Still Going Strong

By JAWHAR A. THADANI
Agricultural Specialist
American Consulate General, Bombay

Today India is the world's largest producer and exporter of spices—a position it has maintained for centuries.

Of the total export earnings of India's spice trade—which consists mainly of 35 spices and other seasonings—90 percent come from pepper, cardamom, chilies, ginger, and turmeric. Other leaders among the seasoning exports are celery seed, curry powder, coriander seed, garlic, fenugreek seed, fennel seed, cumin seed, cassia, tejpat, mace, and aniseed. Recent exports of these top 16 items and the production of the top five are shown in the tables below and on page 10.

In recent years India's spice export earnings have amounted to about 2 percent of the country's total exports. They probably could be increased.

Exports, past and present

The ancient civilizations of Egypt, West Asia, and the Eastern Mediterranean, it is believed, were familiar with many spices used in food, drink, and medicines in India and China. The Arabians monopolized this trade for centuries, and the spices reached Europe in the Middle Ages by way of Venice. The control of the trade passed into the hands of the Portuguese in the sixteenth century, who shared it with the British and the Dutch in the later years of the eighteenth century.

Currently India's spices make up a significant share of the world trade in these commodities. The biggest customer for Indian spices is the United States. Other major markets are Eastern Europe, Canada, Western Europe, and Japan.

Indian spice exports surged immediately after World War II, mainly because of the wartime damage to spice crops in Southeast Asia. Value of these exports reached a peak of $42 million in 1950-51 (Indian fiscal year April-March); of this amount, pepper accounted for around $29 million. As other spice-growing countries began to export more, the value of Indian exports gradually declined; they averaged $15 million a year during 1956-57 to 1960-61. During the next 5-year period the annual average rose to nearly $23 million. By 1967-68 it reached $36 million, then fell to $33 million in 1968-69.

One of the reasons given for the recent setback has been the wide and frequent fluctuations in international prices, caused by severe competition among the producing countries. A move has been made to bring about an agreement on export prices between the pepper-producing countries. The Indian trade and government are hopeful that the exports in the next few years will again reach the 1950-51 level.

To this end new plantations are being encouraged, modern and scientific methods of cultivation are being adopted to grow improved and higher yielding varieties, and extensive publicity campaigns are being undertaken by the government-subsidized Export Promotion Council to enlarge the uses and create new markets for Indian spices.

All major seasonings and several of the minor ones exported from India are covered by law under the Compulsory Quality Control and Preshipment Inspection Act. An exporter notifies an inspecting officer of the Government of India's Directorate of Marketing and Inspection of the quantity and quality of a seasoning he intends to export and wants graded. Representative samples are drawn by the inspecting officer and analyzed; the grade is then assigned according to the analytical results. Samples are checked once again by a superior officer, and the inspection certificate is issued. The parcels are examined once more by a customs official at the time of export.

Five top exports

Factual highlights on the production, export, and use of India's most valuable seasoning exports are given below; each of these items has earned over $1 million in foreign exchange in the past 4 years.

Pepper. *Piper nigrum* accounts for about 45 percent of

INDIA: SPICE AND OTHER SEASONING EXPORTS, 1965-68

Item	Quantity				Value			
	1965	1966	1967	1968	1965	1966	1967	1968
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Thousand dollars*	*Thousand dollars*	*Thousand dollars*	*Thousand dollars*
Pepper	23,031	25,442	21,196	24,918	20,845.3	20,977.4	14,990.6	17,111.8
Cardamom	1,349	1,468	1,558	1,643	7,527.2	10,405.7	9,824.0	9,624.6
Chilies	6,566	6,162	9,515	9,804	3,343.4	4,180.7	4,121.9	3,183.3
Turmeric	10,668	9,096	6,722	7,001	3,239.8	2,098.2	1,723.7	2,672.9
Ginger	3,975	5,149	4,361	2,237	2,993.0	2,748.7	1,881.5	1,143.0
Celery seed	2,154	1,613	1,970	2,229	848.5	527.9	709.2	1,019.4
Curry powder	1,626	1,228	1,163	1,749	1,114.0	779.7	637.1	933.1
Coriander	160	157	1,868	3,919	71.5	64.2	475.8	703.2
Garlic	798	300	732	3,262	146.8	60.4	252.4	425.6
Fenugreek	987	1,224	726	1,698	194.7	247.0	193.8	365.6
Fennel seed	1,680	1,088	612	687	566.8	357.9	229.1	236.4
Cumin seed	3,284	2,123	653	335	2,029.4	1,302.8	370.1	211.8
Cassia	57	52	100	414	17.4	17.5	40.6	200.0
Tejpat	566	220	139	217	24.3	12.3	7.7	8.6
Mace	2	11	6	3	2.1	16.3	6.2	1.9
Aniseed	178	2	7	4	70.2	.4	2.5	1.5
Total	57,081	55,335	51,378	60,120	43,034.4	43,797.1	35,466.2	37,842.7

Spices Export Promotion Council.

INDIA: FIVE MAJOR SPICES, AREA AND PRODUCTION

Spice	1963-64		1964-65		1965-66		1966-67		1967-68	
	Area	Production	Area	Production	Area	Production	Area	Production	Area	Production
	Thousand acres	*Thousand metric tons*	*Thousand acres*	*Thousand metric tons*	*Thousand acres*	*Thousand metric tons*	*Thousand acres*	*Thousand metric tons*	*Thousand acres*	*Thousand metric tons*
Pepper [1]	252	24.0	253	24.0	253	23.3	253	23.0	253	22.7
Cardamom	141	4.1	141	2.2	137	2.0	186	2.7	186	2.4
Chilies	1,849	489.5	1,772	469.1	1,610	383.4	1,782	418.2	1,877	486.5
Ginger	56	21.2	54	20.8	54	21.5	56	21.2	55	20.4
Turmeric	145	115.8	172	147.8	165	127.6	144	111.2	138	118.2

[1] Trade estimates for pepper production are much higher than these, average around 32,000 metric tons for the 5 years shown. Spices Export Promotion Council (official Government of India figures).

India's total spice trade earnings. World production of this fruit of a tropical vine is less than 100,000 metric tons, of which about 32,000 are produced in India. Other major producers are Indonesia, Sarawak, Cambodia, Ceylon, Brazil, and the Malagasy Republic.

World pepper exports in 1967 were 91,000 metric tons, of which India's share was around 21,000 tons. Main importers of Indian pepper are the USSR, the United States, Italy, Canada, East Europe, and West Germany.

Cardamom. A highly aromatic spice, *Elettaria cardamomum* comes from a plant very susceptible to pests and diseases; therefore the crop and exports vary from year to year according to the weather. India produces about 85 percent of the world's cardamom; most of the remainder is produced by Ceylon, China, Guatemala, Cambodia, and Thailand. Principal importers of Indian cardamom are countries of the Middle East, Sweden, the USSR, Finland, West Germany, the United Kingdom, and the United States.

Chilies. These various members of the genus *Capsicum* are widely grown in India, mostly as a cash crop for the domestic market. However, India is the world's largest exporter as well as largest producer. India exports only about 3 percent of its production at present and some 95 percent goes to Ceylon. India accounts for about 60 percent of total world exports.

In India, chilies are used widely in foods and medicines. Considerable scope exists for increasing exports.

Ginger. India is the largest producer and exporter of this spice, which comes from the underground stems of a native plant *Zingiber officinale*. Other countries that produce ginger commercially are Nigeria, Sierra Leone, Jamaica, and Formosa. In India the bulk of the crop is marketed in the raw form known as green ginger. The export quality of ginger is dry ginger, also known as unbleached; it is prepared by cleaning and peeling raw ginger, then drying it in the sun. Bleached ginger is prepared by dipping the peeled ginger in a solution of milk of lime before the sun drying.

India accounts for about 60 percent of all world ginger exports. Its major customers are the Middle East countries, the United States, the United Kingdom, and the USSR. Ginger is mainly used as a flavoring in culinary preparations, beverages, confectionery, and pickles and as the raw material used in the manufacture of ginger oil, essence, and oleoresin.

Turmeric. India is the world's largest producer and exporter of this highly aromatic spice made from the root of a plant of the ginger family. China, Pakistan, and Formosa are the other main producers. Main importers of India's turmeric are the United States, Ceylon, Japan, Malaysia, and the United Kingdom. Turmeric is largely used to impart flavor and color to foods, as a coloring agent by the confectionery and food industries, and as a textile dye. It also has medicinal uses.

Canadian Parliament to Discuss Grain, Marketing Plans

Most discussed farm legislation in Canada this session would make Canada's wheat more competitive in world markets and set up national marketing boards for any farm product if the producers and provincial marketing agencies want federal legislation. If the marketing legislation is enacted, eggs, turkeys, potatoes, and broilers would probably be among the first farm products proposed to come under the new federal marketing authority.

Also, the Canada Grain Act, unchanged since 1930, is scheduled for amendment to give the Minister of Agriculture authority to set grading standards for Canadian wheat. Present standards are statutory and are based mainly on the physical appearance of the wheat. New grading standards would be based on protein content and would be set by order-in-council, thus providing greater flexilibity in the face of changing buyer demands. What wheat buyers and bakers are looking for now is wheat with about 14-percent protein; they no longer make distinctions between the Nos. 2, 3, and 4 Northern wheats which are particularly important for the blending process with cheaper wheats. Reportedly, the government will start this protein grading at the beginning of the next crop year, August 1, 1970.

To be tied in with these revisions is the shipping and handling of grain to elevators and ports.

The Grain Act revisions are consistent with the Task Force on Agriculture's recommendations that by 1980 Canada reduce its wheat acreage to about 20 million acres, or by about one-third. Such reductions would tend to concentrate wheat production in the Palliser Triangle—southern Saskatchewan, southwestern Manitoba, and southeastern Alberta—where two-thirds of Canada's wheat is now grown and where the production of high-protein wheat is the most consistent.

If the revisions are passed, then, farmers outside this area would be faced with producing alternative crops such as feedgrains. Thus, they may not favor such legislation. Nevertheless, the present difficulties of selling wheat, holding prices, and remaining competitive are all considered by proponents of the Grain Act revisions to be compelling reasons for this major revision.—Based on dispatches from EUGENE T. OLSON

U.S. Agricultural Attaché, Ottawa

Evaluation of USSR's Current Vegetable Oil Situation

By HARRY E. WALTERS
Foreign Regional Analysis Division, ERS

Total USSR oilseed and oil production in 1969 is not expected to differ sharply from that of 1968, when Russia exported 770,000 tons of oil, even though an apparent absence of USSR vegetable oil sales since the end of August has caused many to conclude that the Soviet sunflowerseed crop is down sharply this year. If the Russians have, in fact, stopped exporting oil, the major causes are late harvesting, delayed crushing, and possibly the impact of the EC duty on USSR sunflower oil.

Oilseed and oil prospects

The area sown to sunflowerseed does not appear to be appreciably different from that of 1967 and 1968, around 4.8 million to 4.9 million hectares. However, this year both planting and harvesting have been late and harvesting difficulties have been reported. By mid-October only 60 percent (2.8 million hectares) of the area was harvested compared with 79 percent (3.8 million hectares) on the same date a year earlier. By the end of October, 20 percent of the area was still to be harvested.

Despite the late planting and harvest, the weather pattern appears to be reasonably good. Soil moisture through August was better than a year ago in about 50 percent of the growing area, the same or a little drier in 20 percent, and definitely drier in about 15 to 20 percent of the area.

Although to date the production of vegetable oil in government mills is lagging behind the 1968 level, total vegetable oil production in 1969 is not expected to differ much from the 3.1 million tons produced in 1968. At midyear, production was 4 percent behind last year's level and 6 percent behind at the end of October. The slowdown is probably not the result of an overall shortage of seeds. Industrial production in the entire economy dragged in 1969 because of extreme cold during the 1968-69 winter. August is the customary shutdown period for Soviet mills, and it is quite likely that crushing was resumed later in September than usual because of the late harvest.

It is likely that vegetable oil production will regain much of the lost ground during the remainder of the year. Cottonseed and other oilseed output is expected to maintain the 1968 level.

At the beginning of 1969 the availability of vegetable oil in the USSR was equal to or a little better than at the beginning of 1968. Retail and wholesale stocks were up slightly and the "unexplained residual" was also near a peak.

Domestic consumption declines

Although the retail price of vegetable oil has not changed since 1956, consumption declined at the same time production and exports expanded. Per capita consumption dropped sharply in 1966 from 7.1 to 6.3 kilograms despite the pressing need to expand consumption and plans (announced in 1966) for increasing consumption to 10 kilograms per capita by 1970. The decline in consumption to facilitate exports was undoubtedly the result of government policy since most retail sales and all export operations are government directed.

While vegetable oil consumption rose only 1 percent in the first 6 months of 1969 butter consumption increased about 12 percent. Carryover butter stocks at the end of 1968 exceeded 600,000 tons. Retail butter prices rose in 1961, 1962, and 1963, but remained steady through 1968. The retail margin between butter and vegetable oil is fairly narrow in the USSR. As with vegetable oil, butter sales are state controlled.

The high USSR vegetable oil exports in 1967 and 1968 of around 700,000 tons did not allow much room for increasing domestic consumption and they apparently caused the reduction in consumption in 1966. There is undoubtedly a struggle going on in the country between those who want improved domestic consumption as promised and those who prefer the foreign exchange earned through oil exports. For this reason the Soviet Government could at any time decide to increase domestic consumption and reduce exports to the 500,000-ton range which would be more in line with availabilities and consumption plans.

There is a possibility that Common Market duties against Russian and other Eastern European sunflower oil have slowed down exports. However, the fact that the duty was slowly reduced from $50.00 per ton on April 2 to $15.00 on September 18 and finally eliminated on October 14 may alter the situation.

USSR VEGETABLE OIL BALANCE

Year	Total production [1] [2]	Per capita consumption [2]	Total consumption [3]	Retail price index [2]	Stocks			Net trade [2]	Unexplained residual [6]
					Retail [2] [4]	Wholesale [2]	Total [5]		
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
1961	1,815	[7] 5.6	[7] 1,231	132	95.7	40.6	136.3	+ 60.7	486
1962	2,114	[7] 5.9	[7] 1,317	132	112.6	41.8	154.4	+126.0	653
1963	2,195	[7] 6.2	[7] 1,404	132	114.6	36.0	150.6	+208.9	585
1964	2,249	6.6	1,513	132	93.1	28.8	121.9	+135.7	629
1965	2,770	7.1	1,646	132	152.9	51.7	204.6	+164.1	877
1966	2,732	6.3	1,477	132	134.8	58.2	193.0	+416.6	850
1967	3,034	6.5	1,539	132	111.3	41.7	153.0	+677.0	858
1968	3,145	6.5	1,555	132	115.2	41.8	157.0	+707.0	879

[1] Includes oil produced in state mills from state-purchased seeds and from seeds processed on commission, plus other crushings in on-farm mills. [2] Reported by USSR. [3] Derived by multiplying midyear population by per capita consumption. [4] Derived by dividing reported value of retail stocks by average retail price per ton of oil. [5] Sum of reported stocks. [6] The unexplained residual is derived by subtracting consumption, net trade, and end of year stocks from production and beginning of year stocks. It is presumed to include about 400,000 to 500,000 tons used for industrial uses. [7] Estimated.

Current citrus reports

Israel Expects Recovery in Production and Exports

Following a reduction in both production and exports of citrus in 1968-69, Israel is cautiously anticipating a sizable recovery, though not to the record level of 1967-68.

Output in 1969-70 is currently forecast at 1,234,000 metric tons, compared with the previous year's 1,161,000 tons and the 1967-68 record of 1,256,000. The 7.6-percent reduction in last year's crop resulted primarily from a drop in output of shamouti oranges, which accounted for 583,000 tons of the total crop. Output of grapefruit and lemons also declined, while that of late valencia oranges rose to an alltime high of 232,000 tons. The severe drop in the shamouti harvest was caused by a combination of factors: Slight frost in parts of the main citrus area during the fruit-setting period; a natural decline of pre-World War II plantations; and unusually heavy and persistent rainfall during the early part of the year, which caused heavy damage to exposed areas.

As is usual during years of reduced crops, quality declined as well. Fruit tended to be larger, and the percentage of culls among shamoutis and grapefruit increased. These declines in quality were partly offset by a considerable drop in the percentage of valencia culls.

Focus on improving production

Israel is focusing increasing attention on improving citrus production in existing groves, as the area in citrus is unlikely to show any substantial increase. Both the Ministry of Agriculture and farmers are beginning to realize that the spread of citrus into marginal areas, especially areas of heavy soil, is contributing substantially to a decline in the profitability of the industry as a whole. The Ministry has therefore initiated a drive to improve productivity through replanting of unproductive trees, efficient weed control, and planned pruning and irrigation. Priority is also being given to research regarding the "June drop" in which some citrus trees shed up to 95 percent of their set fruit.

Exports of citrus in 1969-70, based on crop estimates and taking normal cull figures into account, are forecast at 786,000 metric tons, up from 717,000 tons in 1968-69. Last year, exports of fresh citrus accounted for 62 percent of the total crop. West Germany was the leading market with 183,000 tons, replacing the United Kingdom, with 165,000 tons. However, exports to the European Free Trade Association (EFTA) as a unit were slightly higher than those to the European Community (EC), reversing 1967-68 shipments. This development resulted from Israel's recuperation of the Scandinavian market while sales to the Netherlands and Belgium slipped. Sales to East European countries increased from 31,000 tons to 41,000, half going to Yugoslavia. Sales to the Far East—mainly Hong Kong and Singapore—increased to 8,000 tons although an attempt to penetrate the Japanese market was foiled by Japanese health regulations.

Further attention is being placed on quality in packaging, and the Citrus Marketing Board has set up a special unit to supervise packinghouses in this respect. Trial shipments have shown that fruit need not be individually wrapped for short export hauls, and experiments with new types of cartons that allow for better ventilation are being undertaken. Shipments of unpacked fruit in 750-pound bins—for packing at destination—also will be conducted.

Domestic consumption increases

In the domestic market, the long trend of declining consumption of fresh citrus was reversed. Consumption reached an alltime high of 83,000 metric tons, and per capita intake was at the 1964-65 level of 64 pounds. Although the increased domestic sales included all major varieties of citrus, sales of shamouti oranges were up 25 percent, reaching 25,400 metric tons. Since the price of locally marketed fresh fruit is 5.5 times that of fruit diverted to processing, this increase in domestic consumption is economically significant. The success with domestic sales resulted from changes in marketing methods and intensive promotional campaigns to encourage consumption.

Production of citrus products—one of the major food-processing industries in Israel—increased considerably in calendar year 1968 as a result of the greater quantity of culls from 1967-68 production. With this large production of products, exports reached $25.8 million. Output in 1969 is expected to be somewhat smaller, as fewer culls have been going to processors and cull prices have increased. If normal weather conditions prevail during the coming season, production of citrus products is likely to be below both the 1968 and 1969 outputs.

—Based on dispatch from JOHN R. WENMOHS
U.S. Agricultural Attaché, Tel Aviv

Morocco Harvests Larger Crop

Morocco's production of citrus fruits is expected to total about 790,000 metric tons in 1969-70, an increase of about 7 percent from the previous year's crop of 737,287 tons. The new crop is expected to comprise about 615,000 tons of oranges, 125,000 of clementines, 30,000 of mandarines, 15,000 of grapefruit, and 5,000 of lemons. Among oranges, the chief variety produced is the valencia late, followed by navels and sanguines. Harvesting began about 2 weeks earlier than usual for clementines, while the navel orange crop reportedly is about a month ahead of schedule. Quality of the harvest is above average.

Citrus exports in 1968-69 totaled 532,660 tons, 11 percent below the previous year's shipments. The chief market for Moroccan citrus continued to be France, with 42 percent of the exports. Other prominent customers were West Germany and the Soviet Union. This season Morocco expects to increase exports substantially from the 1968-69 level, possibly to 650,000 tons.

An estimated 67,000 tons of oranges and 11,000 tons of grapefruit were processed by seven processors in 1968-69. Practically all the orange and grapefruit juice produced is exported, principally to France and West Germany. More interest is developing in citrus processing, and, as a result, the input of fresh citrus could increase threefold by 1975.

—Based on dispatch from DUDLEY G. WILLIAMS
U.S. Agricultural Attaché, Rabat

The following article is first in a series Foreign Agriculture *will be running in coming weeks on major items in the farm trade of Middle East and African nations important to American agriculture.*

Highlights of the Agricultural Trade of Iran

By H. CHARLES TREAKLE
Foreign Regional Analysis Division, ERS

Over the past decade the United States has been a leading supplier of imports for Iran, ranking in first or second place and supplying an average of over 17 percent of the value of Iran's total imports. For this same period, Iran's agricultural imports averaged about 13 percent of its total imports, and of these agricultural imports, the United States supplied an average of well over a fifth: The U.S. share has been as high as 45 percent and as low as about 6 percent.

U.S. agricultural exports to Iran have been principally cereals and vegetable oils, although a wide variety of other commodities have also been sold. Wheat imports from the United States have, however, dropped sharply because of good Iranian wheat crops since 1967.

Also, the U.S. soybean oil market has been drastically cut back because lower priced sunflower and other oils from Eastern Europe were eased-in by state trading. At one time Iran was the largest commercial importer of U.S. vegetable oils. Activities of the East European countries have been steadily increasing as a result of their willingness to accept barter deals and grant long-term credit at low interest rates.

SELECTED EXPORTS FROM IRAN
[Iranian year ending March 20]

Commodity & major buyers	Average 1959-61	1967	1968	1969
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
Sheep, lambs, & goats	—	4,658	1,429	394
Almonds	3,161	1,340	2,113	5,343
USSR	469	409	729	2,850
India	1,657	619	836	977
East Germany	170	—	147	537
West Germany	415	—	—	408
Dates	2,075	2,241	1,823	1,912
United States	647	432	436	416
United Kingdom	170	379	284	337
Canada	203	303	216	312
Raisins	7,187	7,783	8,044	7,589
USSR	1,776	1,768	2,543	3,289
United Kingdom	682	888	1,341	1,269
East Germany	560	1,291	1,698	806
Czechoslovakia	94	616	602	525
West Germany	2,295	1,454	617	458
Hides & skins	6,098	14,227	11,783	13,450
United States	2,355	5,482	6,305	6,817
Italy	1,204	3,464	1,441	2,394
USSR	1,374	2,567	2,537	2,260
Cotton, raw	28,126	28,539	36,991	41,744
USSR	4,868	7,598	7,598	10,089
Eastern Europe	9,043	16,201	15,628	27,844
United Kingdom	6,927	3,923	3,817	1,475
Japan	926	1,430	1,175	791
Total agricultural	73,182	80,911	98,097	121,609
Total exports, excluding oil	126,221	155,958	221,529	277,245
Oil exports	742,700	1,209,643	1,378,310	1,496,457

Source: Yearbook of Foreign Trade Statistics of Iran, No. 12, Year 1347.

For more extensive tables of Iran's agricultural trade by major commodities and principal trading partners, write to Africa-Middle East Branch, Foreign Regional Analysis Division, ERS, USDA, Washington, D.C. 20250.

SELECTED IMPORTS OF IRAN
[Iranian years ending March 20]

Commodity & major sources	Average 1959-61	1967	1968	1969
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
Dairy products & eggs	2,916	7,905	6,899	8,250
Netherlands	867	3,050	1,801	2,096
United States	459	1,394	867	1,246
Bulgaria	—	814	846	910
Cereals & preparations	16,690	18,594	7,385	46,119
United States	7,608	10,418	2,015	28,180
Australia	3,197	5,340	2,138	8,576
France	136	171	—	3,613
Argentina	—	—	—	2,806
Sugar	35,072	17,838	12,919	6,382
USSR	10,018	9,174	4,906	4,228
West Germany	—	—	—	627
Cuba	1,659	967	4,007	619
Feedstuffs	—	1,050	1,470	3,117
Netherlands	—	507	991	1,689
Israel	—	189	278	404
United States	—	106	96	118
Vegetable oils & fats	6,306	24,213	22,507	21,866
USSR	—	1,038	10,180	7,267
Yugoslavia	—	—	—	4,375
Argentina	—	—	4,373	3,665
United States	3,911	13,036	1,535	2,587
Total agricultural	80,131	111,736	111,028	131,418
Total imports	620,986	972,102	1,193,955	1,492,147

Source: Yearbook of Foreign Trade Statistics of Iran, No. 12, Year 1347.

Despite these inroads, the most recent trade figures indicate the market is still open. After a large drop in U.S. sales of vegetable oils in 1967-68, there was a slight increase during Iran's 1968-69 trade year. And, trade prospects for 1969-70 have improved dramatically as Soviet sunflowerseed supplies appear sharply lower and Iran is buying heavily in the U.S. market.

Also, in 1968 U.S. rice sold in the Iranian market for the first time in quantity. Although this rice is somewhat different in cooking characteristics from Iranian rice, it has been retailing fairly well. The U.S. rice was found to be more uniform in quality than the rice of other world suppliers and was offered at a competitive price.

Iran's economic growth

For 4 straight years Iran has sustained a remarkably high rate of economic growth. At constant prices, there has been an average annual gain of over 10 percent for the period. At the same time, and in spite of a population of 28 million that has been growing at an annual rate of 3 percent, per capita income has risen by some $75 to about $300.

Many factors have contributed to the growth. Oil produc-

tion has almost doubled, and other industry and construction have been racing with oil. Agriculture, while not making such sensational strides as these other sectors of the economy, has, nonetheless, made important gains in production and expansion. Yields have been improved, new lands have been opened up, and agribusiness activity is being pushed as an important area for investment. This continued rapid growth, backed by substantial economic potential, breeds optimism. In addition, it suggests that Iran is one of the best prospects for the expansion of both trade and investment in this part of the world.

Market potential for agricultural items

A number of agricultural commodities and processed foods will continue to have a good-to-fair market potential in Iran as U.S. agricultural exports. The items for which there should be a continued demand include vegetable oil (soybean and cottonseed oils), meat and preparations, fresh fruit and vegetables, canned foods, baby foods, diet foods, live animals, feedgrains, soybeans and soybean meal, tobacco, rice and, in poor crop years, wheat.

This wide variety of commodities—and the list is not exhaustive—offers a number of opportunities. Much of the competition (particularly with identity-lost products, such as grains and oilseeds) encountered in this attractive market has state-trading assistance, so success for U.S. products lies in technical assistance and emphasis on the economics of marketing. However, with competition in the identity-preserve areas (for example, diet foods), success lies in large part with active promotion of a reasonably priced quality product.

A look at

The Livestock and Milk Situation in Denmark

In 1969, Denmark's pork production is down, cattle herds are expected to decline by as much as 6 percent, and the harvest of feed crops is expected to be down about a third. Because of governmental countermoves, however, Danish exporters of livestock and milk products find their market remains good.

Pork and live hogs

The Danish Ministry of Agriculture and the Danish Bacon Industry have increased the export levies on pork—whole and half carcasses, hams, loins, and bellies—going to the Common Market, by an amount equal to the decline in the EC import levies. In October, the EC reduced the levies on pork and live hogs for slaughter about 50 percent because of the large shortage of pork in Europe, especially in France. (In the current year, a shortage of 40,000 to 60,000 metric tons of pork is expected in France alone.) This is the largest reduction in the levy on pork that the EC has ever granted.

The Danish export levies were increased because of short domestic pork supplies. Currently, the number of slaughterings, which is running about 200,000 per week, cannot cover the demand from the British bacon quota, the domestic market, and the canning industry. The Danish bacon industry could neglect its bacon agreements with the United Kingdom and export more cut-up pork to EC markets, but this is unlikely with the new export levy. Also exporters are only permitted to export cut-up pork to other markets to the extent of 80 percent of the quota established for these markets at the end of 1968.

Live sows for slaughter are not affected by the export-levy system, so there is still a possibility that the new price situation will encourage Danish hog producers to export sows to the EC in a large volume. This would result in a further decrease in future Danish pork production at a time when an increase is needed.

Dairy cattle situation

During the last 10 years, the number of cattle in Denmark has declined by 10 percent. According to officials of OXEXPORT, (the Danish Farmers' Cattle and Beef Export Association, which although private, cooperates with other export agencies), this reduction in cattle numbers is a world record. And dairy herds are expected to decline another 5-6 percent this year.

The decline in milk production has averaged 2 percent a year during the last 5-6 years; however this year the dry summer and the relatively high prices on cattle for slaughter have led to a projected record reduction of 5-6 percent. During the last few weeks the supply of butter for export has been 20-25 percent less than at the same time last year.

To avoid further drastic reduction in cattle numbers and dairy production, the government has allocated an extra support payment of approximately $4 million from the Agricultural Disposal Fund.

For the current year, the basic support for milk production is $33.3 million, of which $13.3 million is payable based upon fat content, and $20 million is payable in relation to pounds of milk delivered. The producer price, therefore, based on milk with 4.2 percent fat is now around $80 per short ton, including direct and indirect supports, and adjustments for dairy expenses.

The roughage harvest in Denmark is only expected to amount to about two-thirds of the "normal" 24 million crop units. Consequently, the demand for grains for cattle feeding during the winter is expected to be considerably larger than in previous years. Until the final census of the roughage harvest is known in December, then, no further grants from the Disposal Fund for exports of grains are expected. In 1969, the amount granted from the Fund has been about $8 million for the export of malting barley (200,000 metric tons) and industrial barley and oats (100,000 tons).

Outlook

Revenue from the Disposal Fund for supporting storage of livestock and livestock products, however, should be available; there is more Fund money for these purposes than in previous years. Among other things, this is due to recent reductions in storage costs, mainly in pork and also in the dairy sector where the storage costs have only been half as much as in summer 1968. The program for weekly support purchases for slaughter and stockpiling of cull cows was put into effect at the end of September.

—Based on dispatch from HARLAN J. DIRKS
U.S. Agricultural Attaché, Copenhagen

CROPS AND MARKETS SHORTS

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Nov. 11	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 2 Manitoba	1.95	+1	2.03
USSR SKS-14	1.77	0	1.95
Australian Prime Hard	1.85	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.84	+2	1.95
15 percent	1.92	0	2.01
U.S. No. 2 Hard Winter:			
13.5 percent	1.77	0	1.91
Argentine	(1)	(1)	1.80
U.S. No. 2 Soft Red Winter	1.52	0	1.71
Feedgrains:			
U.S. No. 3 Yellow corn	1.43	−3	1.38
Argentine Plate corn	1.74	−3	1.45
U.S. No. 2 sorghum	1.45	−3	1.33
Argentine-Granifero	1.44	−3	1.32
Soybeans:			
U.S. No. 2 Yellow	2.74	0	2.92

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Norway Approves Free Import of Produce

The Norwegian Ministry of Agriculture has announced the following free import periods for certain fresh vegetables and fruits:

- Chives, until January 13, 1970.
- Lettuce, from December 14, 1969, until February 13, 1970.
- Cucumbers, until March 10, 1970.
- Spinach and parsley, until April 30, 1970.
- Cauliflower, until June 1, 1970.
- Broccoli, dill, sweet peas, marrow peas, string beans, French beans, and butter beans, until June 5, 1970.
- Strawberries and cherries, until June 14, 1970.
- Raspberries, until June 19, 1970.
- Plums, until August 10, 1970.

South African Wheat, Corn Crops

The 1969 (November-December) harvest of South African wheat is expected to reach a record 1.3 million to 1.4 million metric tons. Some wheat will probably continue to be imported for blending purposes.

The rains in the Maize Triangle area recently have provided very good conditions for planting the 1970 corn crop. The last two crops—following a record output of 9.6 million tons in 1967—were sharply reduced because of drought.

Venezuelans Seek Tobacco Markets

A delegation from the National Tobacco Growers Union of Venezuela recently met with the Minister of Agriculture and requested a new policy toward tobacco. The Union representatives indicated that there is a large export market available which Venezuela is not taking advantage of; they therefore requested the Minister to assist growers in developing the facilities and means for exporting tobacco.

Venezuela is currently producing enough tobacco leaf to meet its domestic requirements and is no longer dependent on imports. Only minor quantities have been imported or exported in recent years.

Indian Cashew Exports to USSR Up

The USSR will probably surpass the United States as the leading importer of India cashew kernels in 1969. Exports to the United States and the USSR during January-May 1969 totaled 12,013 and 13,659 short tons respectively, compared with 12,612 and 7,602 tons during the same period a year ago. Unofficial export data available through July indicate this trend has continued.

This situation is attributable in part to the terms of India's bilateral trade agreement with the USSR. But it is also attributable to the emergence of the African countries as exporters of processed cashew nuts and their increased shipments to the United States.

India's cashew shelling industry expects to export a record 68,700 short tons of cashew kernels in calendar 1969, 3 percent more than last year's record 66,789 tons. Prices of packed cashew kernels dropped slightly from 1968, while raw nut prices are somewhat higher.

CASHEW PRICES

Item	1966	1967	1968	1969
African raw nuts:[1]	*Dol. per short ton*	*Dol. per short ton*	*Dol. per short ton*	*Dol. per short ton*
January 1	169	179	186	210
February 1	188	178	206	202
March 1	202	159	203	198
April 1	216	175	201	213
May 1	225	178	200	198
June 1	225	189	194	209
July 1	226	187	195	207
August 1	212	177	201	202
September 1	212	175	195	202
October 1	180	175	195	—
November 1	181	175	197	—
December 1	175	173	208	—
Indian kernels:[2]	*Cents per pound*	*Cents per pound*	*Cents per pound*	*Cents per pound*
January 1	61.0	59.0	65.0	67.5
February 1	64.0	56.5	73.0	68.0
March 1	68.0	55.0	70.5	67.0
April 1	73.0	55.0	69.5	66.0
May 1	79.0	57.5	71.0	64.0
June 1	74.0	61.0	70.5	63.0
July 1	71.0	65.0	69.5	66.0
August 1	76.0	62.0	70.0	67.0
September 1	77.0	63.0	70.0	67.0
October 1	73.0	65.0	70.0	—
November 1	70.0	63.0	68.0	—
December 1	65.0	66.0	69.0	—

[1] Angochees, c.i.f. Cochin (converted from rupees at 1 rupee = 21 U.S. cents through June 1966 and 1 rupee = 13.33 cents thereafter). [2] 320 count in 25-pound tins, c.&f. New York.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

United States Department of Agriculture
POSTAGE & FEES PAID

Post-Revaluation Measures and German Farmers

On September 29 the German mark was cut free from its old parity of 4 marks to the U.S. dollar and allowed to float on the market under the watchful eyes of the German Central Bank. On October 27 a new parity of 3.66 marks to the U.S. dollar became effective.

Both the de facto revaluation of September 29 and the legal revaluation of October 27 were instituted to rectify Germany's huge trade surplus and to stabilize its prices internally. Both posed problems for German agriculture.

In general, revaluation automatically affects German agriculture in the following main ways: 1. Imported farm products from all sources are 9.3 percent cheaper in terms of German marks. 2. German export prices are 8.5 percent higher than before. 3. All EC Common Agricultural Policy intervention (support) prices (which are set in "units of account" each worth $1) are reduced by 9.3 percent.

Emergency measures to protect German agriculture were imposed immediately on September 29 by the German Government. At a special meeting of the EC Council of Ministers on October 6 emergency import taxes were authorized for Germany. These were replaced by more comprehensive emergency import taxes authorized by the EC Council to be effective October 27 through December 7; these were subsequently extended until the end of 1969. As of October 27 also, emergency export subsidies were authorized.

To avoid a sudden drop in German farm prices, emergency measures that "froze" support prices were also authorized.

All the transitional emergency measures now in effect will continue through December 31. The aim of the emergency actions is to neutralize the automatic effects of the revaluation on agriculture.

After December 7

More important to U.S. agricultural exports than the various temporary neutralization measures in the transition period is the effect of revaluation after their expiration on December 7.

The overall effect on U.S. agricultural products will be positive. That is, the c.i.f. price of U.S. agricultural exports in terms of German marks will be 9.3 percent lower than under the old parity. Tariffs and levies on farm imports into Germany will also be 9.3 percent less in terms of marks. Lower also will be the price of German imports of farm products from all other sources, and domestic prices in Germany.

However, the price reduction on agricultural products in the German market may not be as deep as indicated by the percent change in the value of the mark. The German Government proposed a 3-percent increase in the excise tax, or the "value-added tax" (TVA), on agricultural products. This proposal met with the approval of the EC Council of Ministers on October 28.

The proposed increase in the TVA tax rate would be used to compensate German farmers for the income loss due to lower support prices.

Compensation to farmers

The income loss of German farmers traceable to price reductions on commodities for which prices are set in units of account has been estimated at 1.7 billion marks for the first year. At the October 28 Council meeting, Germany requested that the EC Agricultural Fund, FEOGA, finance part of this income loss. An arrangement was worked out on November 10-11 whereby Germany will receive from a special FEOGA fund DM329.4 million the first year (fiscal 1971) and 219.6 million in fiscal 1972.

This special FEOGA fund derives its income from a 2-year measure in which export taxes are being imposed on French agricultural exports to offset the effects of lower prices on French agricultural products resulting from the August devaluation of the French franc. At the meeting of the EC Council of Ministers in Brussels November 10-11, Germany was authorized to grant compensation to farmers during a 4-year period.

It is of particular significance to U.S. farm product exporters to Germany that income compensation rather than special import taxes or even an upward revaluation of the unit of account was decided on. An increase in the TVA rate will dampen the benefit of the revaluation to U.S. farm exports, but part of the positive effect will still remain.

—GRACE W. FINNE
Trade Policy Division, FAS

☆ U. S. GOVERNMENT PRINTING OFFICE : 1969 394-276/20